



BlueSpruce Holdings

25-31 Whittier St, Bridgeport, CT

Disclaimer

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An investment is speculative and involves a high degree of risk. Opportunities for withdrawal, redemption and transferability of interests are limited, so investors may not have access to capital when it is needed. No assurance can be given that the investment objective will be achieved or that an investor will receive a return of all or any portion of his or her investment. Investment results may vary substantially over any given time period.

Certain data contained herein is based on information obtained from sources believed to be accurate, but we cannot guarantee the accuracy of such information.

Executive Summary

25-31 Whittier St is a 16-unit community in the Black Rock neighborhood of Bridgeport, CT. Unlike other parts of Connecticut, Bridgeport has seen steady population growth over the last 10 years, and Black Rock in particular has benefitted from an ongoing wave of gentrification along Fairfield Avenue.

The purchase price is \$1,200,000. The current owner took over the property in 2011, undertook major renovations and subsequently stabilized the property. Currently the property is 100% occupied. The capital raise will cover the down payment, closing costs, reserves and deferred maintenance.

Investors will have a direct ownership stake of 70%, which entitles them to 70% of all cash flow and capital gains. We project this will yield a first year return of 12%, increasing to 14% in year five.

We expect to sell the property after five years, which will yield an additional 50% return. We project the total five year return to average 22.8% annually.

Property Overview

25-31 Whittier St consists of two classic brick buildings built in 1920.

All units are two-bedroom, one bath.

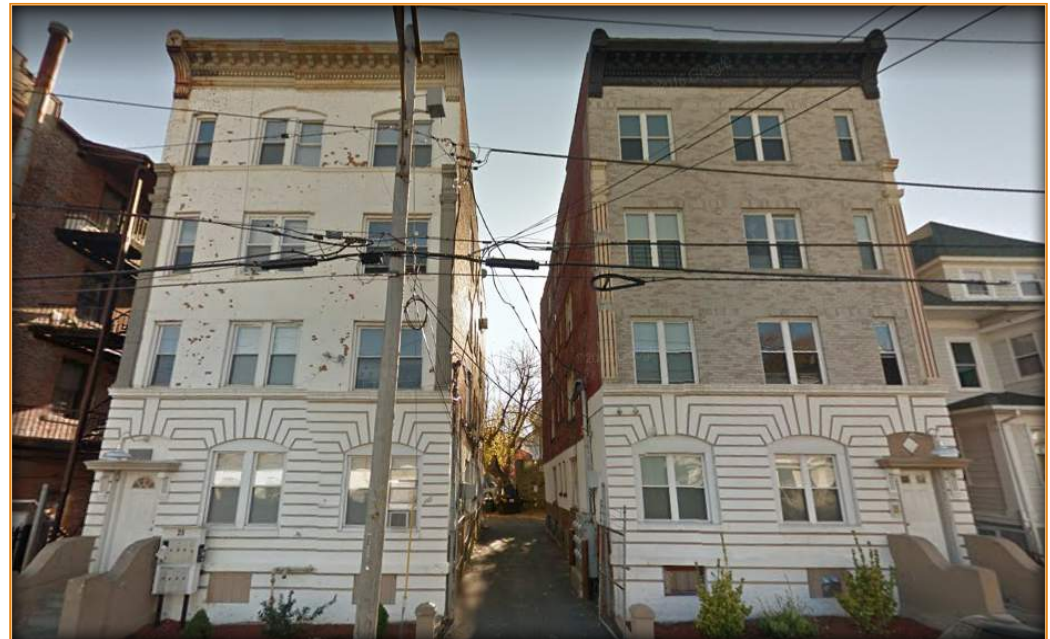
31 Whittier has a coin-operated laundry room shared by both buildings.

Residents pay for electric, which includes heating, but water is paid for by the landlord.

Total square footage: 14,960

Living area square footage: 11,648

Avg unit square footage: 450



Management Team



ADAM ADAMS is the founder of BlueSpruce Holdings. He started investing in real estate through Tax Deeds in 2005, became a property manager in 2006 and then started a remodeling company. In 2008 Adam bought his first multi-family apartment building. Adam has managed several fix & flips over the last couple of years, but has experienced the best results through apartment investing. Adam's claim to fame is his ability to negotiate win-win scenarios through structuring creative ways to buy and sell real estate. Adam is committed to investor education through the many free REI meetups he hosts throughout the Denver metro area.



MANNY PEREZ has been investing in real estate since 2013 and understands a great investment deal when he sees one. Manny is also a licensed real estate agent in the state of Colorado and has been licensed since 2016. His experience as an investor/agent gives BlueSpruce the advantage of obtaining knowledge for the market areas very quickly and making the transactions go as smoothly as possible. For BlueSpruce Holdings, Manny primarily focuses on market research, underwriting properties and acting as the transaction coordinator for the company.

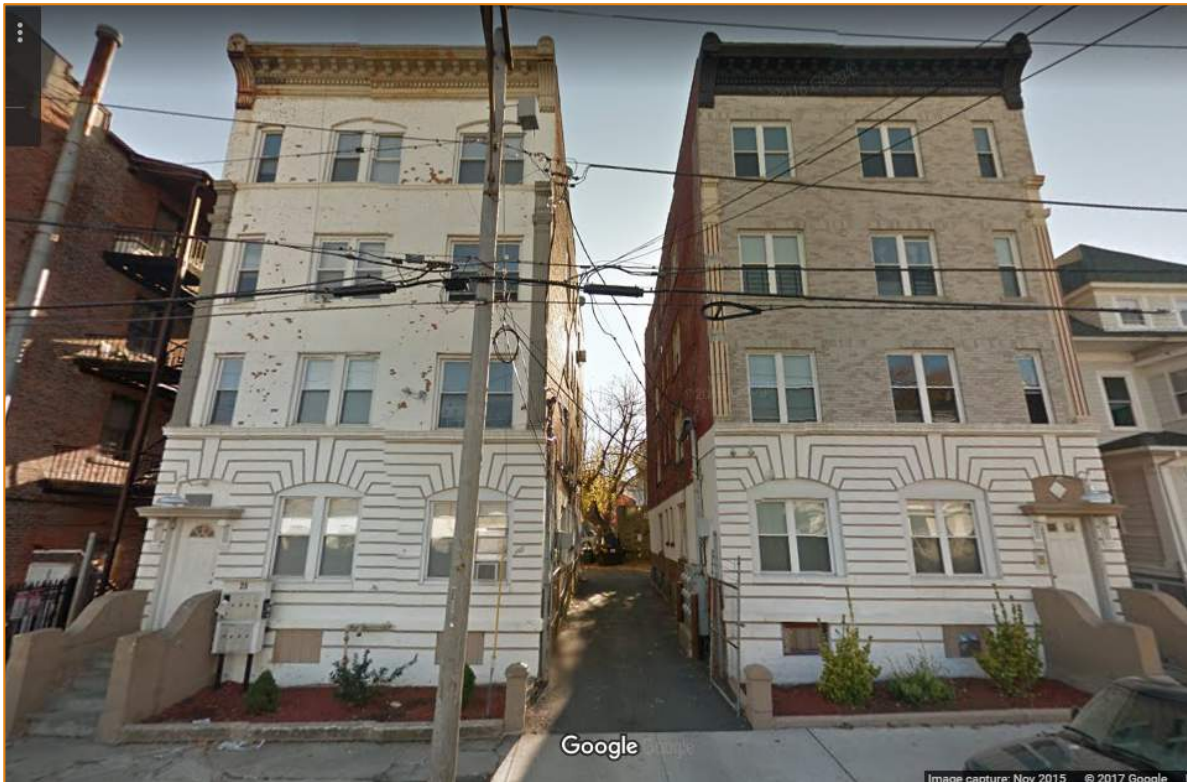


DJ SCRUGGS has owned and operated businesses for over twenty years. Prior to investing in real estate full time, DJ founded, co-founded or was an early employee for eight companies in the software and digital media industries. He has successfully filled many roles in business, including raising capital, marketing, sales, operations and software development. For BlueSpruce, DJ primarily focuses on underwriting and deal process management, enabling us to make good investment decisions while moving quickly.

BLUESPRUCE HOLDINGS acquires and manages multi-family communities in emerging markets throughout the United States. Our investor partners passively earn above-average returns secured by real estate, history's most reliable asset.

In addition to financial returns, BlueSpruce is committed to investor education and financial literacy, which we do through free weekly investor meetups, **The Creative Real Estate Podcast**, and sponsorship of organizations like **Jump\$tart**, a national nonprofit that provides tools and resources for teachers of financial literacy at all levels.

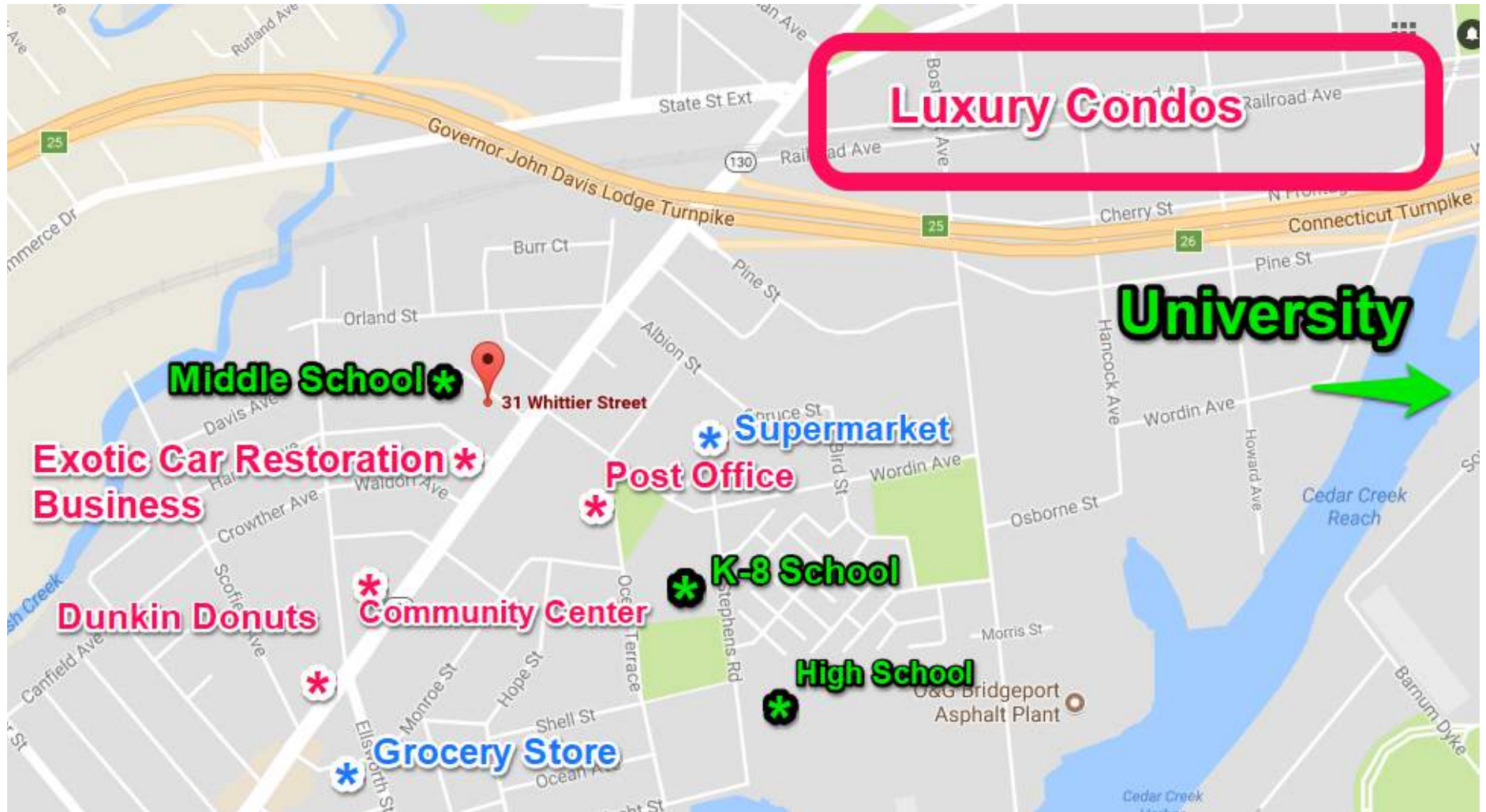
Bridgeport , CT – 16 Doors



Location



Location Detail



Value Add Plans

The market rent for the area is \$1,100, which is what the newest tenant is paying. However, most long term tenants are paying \$850-950. We will raise rents 5-7% annually until we reach market level. In order to present a conservative picture, our financial projections assume 4% growth in rents.

The property is in very good condition thanks to the full renovation performed by the current ownership. We anticipate only minor fixes necessary to a leak in the basement of 25 Whittier. Most of the appliances are less than five years old, but as tenants cycle through we expect the range and microwave to need replacement every three years due to wear and tear. Additionally, some units have laminate floors that will need replacement every 2-4 years.

We believe much of the appreciation will come from the neighborhood itself. The property is situated between two areas that have seen substantial development in the last several years, and Black Rock is regarded as the most attractive neighborhood in Bridgeport. The community is within walking distance of several quality restaurants, two movie theaters, the Fairfield metro station, the University of Bridgeport and the beautiful Black Rock Harbor.

Less than a half mile north on Fairfield Avenue the city has embarked on a major redevelopment of a mid-century factory into mixed use community with 400 luxury apartments.

Unlike some parts of Connecticut, Bridgeport's population has grown steadily over the last 10 years. Black Rock is an affordable alternative to most locations on the coast, including neighboring Fairfield, and is a viable option for commuters to Manhattan.

Five Year Pro Forma

Income	Year 1	Year 2	Year 3	Year 4	Year 5
Market Rent	\$ 174,876	\$ 181,800	\$ 189,360	\$ 197,040	\$ 204,840
Less: Vacancy	(8,744)	(9,090)	(9,468)	(9,852)	(10,242)
Other Income	360	360	360	360	360
Total Income	166,492	173,070	180,252	187,548	194,958
Expenses					
Property taxes	23,037	23,498	23,968	24,447	24,936
Insurance	9,345	9,532	9,723	9,917	10,115
Management Fee (8%)	13,319	13,846	14,420	15,004	15,597
Repairs & maintenance	7,594	7,746	7,901	8,059	8,220
Utilities	8,094	8,256	8,421	8,590	8,761
Admin	6,274	6,399	6,527	6,658	6,791
Total Operating Expense	67,663	69,276	70,960	72,674	74,420
NOI	98,829	103,794	109,292	114,874	120,538
Less: CapEx	(4,000)	(4,080)	(4,162)	(4,245)	(4,330)
Less: Debt Service	(45,600)	(45,600)	(45,600)	(60,094)	(60,094)
Net cash flow before taxes	\$ 49,229	\$ 54,114	\$ 59,531	\$ 50,535	\$ 56,114
Total Cash-on-Cash Return	18.30%	20.11%	22.12%	18.78%	20.85%
BlueSpruce share (30%)	\$ 14,769	\$ 16,234	\$ 17,859	\$ 15,161	\$ 16,834
Equity partner share (70%)	\$ 34,460	\$ 37,879	\$ 41,672	\$ 35,375	\$ 39,280
Equity partner cash-on-cash return	12.8%	14.1%	15.5%	13.1%	14.6%

Financial Analysis

Proposed loan

Purchase price	\$	1,200,000
Loan amount	\$	960,000
Loan to value		80%
Interest rate		4.75%
Amortization term		30 years
Loan term		10 years
Annual interest-only payment ¹	\$	45,600
Annual amortized debt service	\$	60,094

Estimated capital required at closing

Down payment	\$	240,000
Repair credit from seller ²	\$	(36,000)
Closing costs (est.)	\$	49,806
Reserves ³	\$	15,277
Total equity investment	\$	269,083

¹ The first three years are interest-only.

² Negotiated as part of purchase contract

³ Two months of expenses plus budgeted CapEx

Projected equity return on sale

Exit value @ 8% cap rate	\$	1,506,721
Loan balance repayment	\$	(929,214)
Prepayment penalty ⁴	\$	(28,800)
Sales costs @ 4%	\$	(60,269)
Initial equity investment	\$	(269,083)
Total equity profit	\$	219,355
Equity partner share (70%)	\$	153,549

Projected five year return

Equity partner's cash flow	\$	188,666
Equity partner's gain on sale	\$	153,549
Total equity partner return	\$	342,214
Gross ROI		127.2%
Annual ROI		25.4%

⁴ Estimate from lender based on five-year hold. Declines each year.

Rental Comps

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Bridgeport, CT

Showing 10 of 10, move map to see more

Property Type	Price
Studio	\$975+
Property 1	\$1.25k
Property 2	\$1.8k
Property 3	\$1.45k
Property 4	\$1.18k
Property 5	\$1.75k
Property 6	\$1.4k

Investment Summary

Total equity capital:	\$269,083
Minimum investment:	\$25,000
Loan terms:	\$960,000 @ 4.75%
Debt coverage ratio:	2.1
Investors will own:	70% of cash flow and equity
Total ROI:	127.2%
Annualized ROI:	25.4%

Questions?

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